
Hjørnesteinen ApS

c/o DEAS A/S, Dirch Passers Allé 76, DK-2000 Frederiksberg

Annual Report for 2022

CVR No. 39 58 87 65

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 17/5 2023

Emil Skov
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's statement	1
Independent Auditor's report	2
Company information	
Company information	4
Financial Statements	
Income statement 1 January - 31 December	5
Balance sheet 31 December	6
Statement of changes in equity	8
Notes to the Financial Statements	9

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Hjørnesteinen ApS for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Frederiksberg, 17 May 2023

Executive Board

Anders Skovgaard Klingbeil
CEO

Board of Directors

Peter Matzen Drachmann
Chairman

Anders Skovgaard Klingbeil

Linda Bradaia

Albert Cornelis Tol

Independent Auditor's report

To the shareholder of Hjørnesteinen ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Hjørnesteinen ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent Auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 17 May 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Morten Jørgensen

State Authorised Public Accountant

mne32806

Qasam Hussain

State Authorised Public Accountant

mne44159

Company information

The Company	Hjørnestenen ApS DEAS A/S Dirch Passers Allé 76 DK-2000 Frederiksberg CVR No: 39 58 87 65 Financial period: 1 January - 31 December Incorporated: 18 May 2018 Financial year: 4th financial year Municipality of reg. office: Frederiksberg
Board of Directors	Peter Matzen Drachmann, chairman Anders Skovgaard Klingbeil Linda Bradaia Albert Cornelis Tol
Executive board	Anders Skovgaard Klingbeil
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Income statement 1 January - 31 December

	Note	2022	2021
		TDKK	TDKK
Gross profit before value adjustments		7,271	1,701
Value adjustments of assets held for investment		7,950	134,187
Gross profit/loss after value adjustments		15,221	135,888
Financial income		381	79
Financial expenses	3	-4,886	-1,277
Profit/loss before tax		10,716	134,690
Tax on profit/loss for the year	4	-2,626	-29,632
Net profit/loss for the year		8,090	105,058

Distribution of profit

	2022	2021
	TDKK	TDKK
Proposed distribution of profit		
Extraordinary dividend paid	0	28,000
Retained earnings	8,090	77,058
	8,090	105,058

Balance sheet 31 December

Assets

	Note	2022 TDKK	2021 TDKK
Investment properties		274,000	266,050
Property, plant and equipment	5	274,000	266,050
Fixed assets		274,000	266,050
Trade receivables		929	436
Receivables from group enterprises		3,731	0
Other receivables		18,942	730
Prepayments		0	17
Receivables		23,602	1,183
Cash at bank and in hand		6,768	3,911
Current assets		30,370	5,094
Assets		304,370	271,144

Balance sheet 31 December

Liabilities and equity

	Note	2022 TDKK	2021 TDKK
Share capital		100	100
Reserve for hedging transactions		14,775	0
Retained earnings		109,466	101,376
Equity		124,341	101,476
Provision for deferred tax		31,879	29,521
Provisions		31,879	29,521
Mortgage loans		92,836	0
Payables to group enterprises		43,129	0
Deposits		0	4,369
Long-term debt	6	135,965	4,369
Credit institutions		0	132,450
Trade payables		1,886	388
Payables to group enterprises		0	1,434
Corporation tax		4,278	111
Deposits		3,130	576
Other payables		2,891	819
Short-term debt		12,185	135,778
Debt		148,150	140,147
Liabilities and equity		304,370	271,144
Key activities	1		
Staff	2		
Contingent assets, liabilities and other financial obligations	7		
Related parties	8		
Accounting Policies	9		

Statement of changes in equity

	Share capital	Reserve for hedging transactions	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	100	0	-3,290	-3,190
Net effect from change of accounting policy	0	0	104,666	104,666
Adjusted equity at 1 January	100	0	101,376	101,476
Fair value adjustment of hedging instruments, end of year	0	14,775	0	14,775
Net profit/loss for the year	0	0	8,090	8,090
Equity at 31 December	100	14,775	109,466	124,341

Notes to the Financial Statements

1. Key activities

The primary activity of the company is to buy, hold, rent, and sell real estate to issue corporate bonds, and any business related hereto.

2. Staff

Average number of employees

	<u>2022</u>	<u>2021</u>
	0	0

3. Financial expenses

Interest paid to group enterprises

Other financial expenses

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
	1,489	0
	<u>3,397</u>	<u>1,277</u>
	<u>4,886</u>	<u>1,277</u>

4. Income tax expense

Current tax for the year

Deferred tax for the year

Adjustment of tax concerning previous years

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
	0	111
	2,357	29,521
	<u>269</u>	<u>0</u>
	<u>2,626</u>	<u>29,632</u>

Notes to the Financial Statements

5. Assets measured at fair value

	Investment properties
	TDKK
Cost at 1 January	131,863
Cost at 31 December	131,863
Value adjustments at 1 January	134,187
Revaluations for the year	7,950
Value adjustments at 31 December	142,137
Carrying amount at 31 December	274,000

Assumptions underlying the determination of fair value of investment properties

Investment properties are measured at fair value. The fair value is calculated by using generally accepted valuation methods (DCF calculations) based on management's assessment of future cash flow, return requirements etc. The fair value adjustment for the year has been recognised in the Income Statement.

	2022
Exit Yield	10 years
Initial Yield	4,0%
Growth in terminal period	3,89%
Expected idle rent in % of rental income	2,00%

Notes to the Financial Statements

6. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
Mortgage loans		
After 5 years	92,836	0
Long-term part	<u>92,836</u>	<u>0</u>
Within 1 year	0	0
	<u>92,836</u>	<u>0</u>
Payables to group enterprises		
After 5 years	43,129	0
Long-term part	<u>43,129</u>	<u>0</u>
Within 1 year	0	0
Other short-term debt to group enterprises	0	1,434
Short-term part	<u>0</u>	<u>1,434</u>
	<u>43,129</u>	<u>1,434</u>
Deposits		
After 5 years	0	0
Between 1 and 5 years	0	4,369
Long-term part	<u>0</u>	<u>4,369</u>
Within 1 year	0	0
Other deposits	3,130	576
Short-term part	<u>3,130</u>	<u>576</u>
	<u>3,130</u>	<u>4,945</u>
	<u>2022</u>	<u>2021</u>
	TDKK	TDKK

7. Contingent assets, liabilities and other financial obligations

Guarantee obligations

As collateral for its mortgage debt, DKK 92,836 thousand, the Company has provided collateral in investment properties with a carrying amount of:

274,000	266,050
---------	---------

Notes to the Financial Statements

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of LiCi Valhalla ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

8. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
PATRIZIA Living Cities Residential Fund	41 avenue de la Lieberté L-1931 Luxembourg

Notes to the Financial Statements

9. Accounting policies

The Annual Report of Hjørnestenen ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2022 are presented in TDKK.

Changes in accounting policies

The Company has changed the accounting policies for measuring investment properties. The investment properties have been measured at cost, but the Company has changed this to fair value in 2022. As a consequence of the change the comparative figures have been restated. The change has resulted in an increase of ordinary earnings for the comparative year with DKK 134,187 thousand. Opening equity for 2022 is affected by DKK 104,666 thousand including 22% of deferred tax of DKK 29.521 thousand.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Notes to the Financial Statements

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income statement

Net sales

Revenue includes rental income from operating leases, service charges and management charges on properties. Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income and other external expenses.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with LiCi Valhalla ApS. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Investment properties and other property, plant and equipment

Investment properties

Investment properties constitute land and buildings held to earn a return on the invested capital by way of current operating income and/or capital appreciation on sale.

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed assets comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of properties are recognised in cost over the construction period.

When the fair value can be measured reliably, the property is measured at fair value less cost to complete.

After the initial recognition investment properties are measured at fair value. Value adjustments of investment properties are recognised in the income statement.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.